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AUTHOR McCormick, William J.; Clarke, Marian
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ABSTRACT

This report was prepared in compliance with Chapter 4, Article 2.3 of the California Education Code. Section 48644.3 directs the State Department of Education to evaluate the increase in availability of opportunity classes and programs in grades 7 through 9. The report has four sections. Section I, Introduction, chronicles events prior to implementing the opportunity expansion incentive program specified in Article 2.3. Section II, Implementation Years, 1984-85 and 1985-86, summarizes outcomes of the incentive program. These outcomes include district participation, average daily attendance (ADA), additional ADA over the base year, excess costs, and incentive dollars reimbursed to districts. Section III, Effectiveness Indicators, examines the extent to which the objectives of Article 2.3 were met. Section IV, Conclusions and Recommendations, summarizes the report findings by identifying factors constraining the incentive program's effectiveness and concludes with recommendations. (SI)

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EVALUATION OF INCENTIVES PROVIDED TO INCREASE THE AVAILABILITY OF OPPORTUNITY CLASSES AND PROGRAMS IN GRADES 7 THROUGH 9, INCLUSIVE

Senate Bill 813 (Chapter 498, Statutes of 1983)

Prepared by:

William J. McCormick, Ed.D.
Education Research and Evaluation Consultant

Marian Clarke, Ed.D.
Education Research and Evaluation Consultant

for

SPECIALIZED PROGRAMS BRANCH
CALIFORNIA STATE DEPARTMENT OF EDUCATION
September, 1987

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TABLE OF CONTENTS

Executive Summary	i
Senate Bill 813, Sections 48643-48644.5	v
Introduction	2
Implementation Years 1984-85	4
Incentive Districts	4
ADA Analysis	6
Enrollment Per ADA	6
Total ADA	7
Opportunity Class Versus Program	10
Opportunity Class Statewide	12
Cost Analysis	14
Effectiveness Indicators	18
Expected ADA	18
ADA Growth Rates	19
Conclusions and Recommendations	22
Appendix	26
California Education Code, Chapter 4, Article 2, Opportunity, Excerpts	27
Program Advisory, Opportunity Class and Programs	28
Program Advisory, Opportunity Class and Programs, April 9, 1987	29
Opportunity Reimbursement Claim Form	30
Calculations for Expected ADA	32

List of Tables and Graphs

		Page
Table 1	Characteristics of Districts Participating in the Opportunity Expansion Incentive Program	5
Table 2	Enrollment to ADA Ratios (from 1984-85 applicant sample)	7
Table 3	ADA Generated by Opportunity Expansion Incentive Districts	7
Table 4	Opportunity Class ADA and Additional ADA Trends for Incentive and Non-Incentive School Districts	14
Table 5	Cost Per ADA by Environment, District Classification and Participation Year	15
Table 6	Excess Cost Per ADA by District Classification and Participation Year	16
Table 7	Opportunity Class ADA Increases Over Base Year, Incentive Districts Versus Statewide Expenditures	18
Figure 1	Opportunity Attendance (ADA) by District Classification and Year	9
Figure 2	1984-85 Attendance (ADA) by Opportunity Environment and District Classification	11
Figure 3	1985-86 Attendance (ADA) by Opportunity Environment and District Classification	13
Figure 4	Opportunity Class Attendance (ADA) Trends Projected, Observed, and Expected	20

EVALUATION OF INCENTIVES PROVIDED TO INCREASE THE AVAILABILITY OF OPPORTUNITY CLASSES AND PROGRAMS IN GRADES 7 THROUGH 9, INCLUSIVE

Senate Bill 813 (Chapter 498, Statutes of 1983)

EXECUTIVE SUMMARY

Opportunity education is a rehabilitation program for students in grades 1 through 12 who are truant, habitually absent, or disorderly or insubordinate in class, and students who are in danger of becoming one or more of the above. In 1983, Senate Bill 813, Article 2.3, provided a $400 per enrollee incentive to school districts to increase the availability of opportunity classes and programs to students in grades 7 through 9, inclusive.

In compliance with Section 48644.3 of the Education Code, the State Department of Education evaluated the effectiveness of the Article 2.3 formulation of partially reimbursing districts for excess costs associated with increasing opportunity classes and programs. The Department of Education concludes that the incentive program, as modified by AB 2313, had low impact. Highlights of the report's findings follow:

1. Opportunity class and program assignments are differentiated according to whether students are removed from regular classrooms for more or less than 3 periods per day, respectively.

2. Opportunity education is not, nor has it been, a widely implemented program; in 1982-83, 65 districts reported approximately 4,000 ADA in opportunity classes.

3. By 1985-86, 122 districts reported 6,182 opportunity class ADA; half of the districts participated in the incentive program, but they generated only 26 percent of the reported class ADA.

4. Opportunity education, by statute, requires substantial administrative costs, including a district screening committee, involvement of the SARB process, and bi-annual assessment of each individual student regarding his or her progress and possibility of return to the regular school and/or class environment.

5. Opportunity classes are the more common opportunity environment provided by the incentive districts; they

generate approximately 70 percent of the total ADA and are the most costly per ADA.

6. Students assigned to opportunity classes generate one unit of ADA if they attend classes for a minimum of 180 minutes per day for an entire year. Eighty percent or more of the incentive districts provide classes only or a combination of classes and programs. Cost per ADA for opportunity classes averages approximately $3,850.

7. Opportunity programs alone are offered by very few incentive districts, but are offered in combination with classes by approximately one-third of the districts. No data are available to determine the frequency of programs among non-incentive districts.

8. Students assigned to opportunity programs for not less than one period per day, but not more than 179 minutes, generate ADA on a clock hour basis. Four hundred five hours of attendance is required for one ADA unit. Program ADA accounts for approximately 30 percent of the total ADA generated by incentive districts. Cost for combinations of program and class assignments average $1,000 per ADA less than classroom only assignments

9. Examination of a sample of district applications suggests that to generate one unit of ADA requires, at a minimum, enrollment of two students, and more probably three or four students. Emphasis on ADA generation focuses attention on the custodial aspects of education rather than on the educative and rehabilitative goals of opportunity education.

10. The incentive program provides a maximum reimbursement to districts of $400 per ADA ($416 in 1985-86) to offset excess costs arising from increasing availability. A total of $1,495,000 was disbursed to 105 districts during 1984-85 and 1985-86.

11. Total costs for providing opportunity classes and programs amounted to $16,800,000 for 1984-85 and 1985-86 combined. Excess costs totaled $5,744,000. Typically, districts were reimbursed for approximately 24 percent of the excess cost incurred.

12. The reimbursement program has differential impact on districts, providing a greater incentive to districts to initiate opportunity than to expand existing classes and programs. 73 districts initiated opportunity education after the base year and, therefore, all ADA generated was eligible for excess cost reimbursement. 32 districts expanded existing opportunity education and, therefore,

only ADA generated in excess of 1982-83 levels was eligible for excess costs reimbursement.

13. Four out of ten districts terminated participation in the incentive program after one year. Typically districts expanding existing opportunity education terminated participation if they had large existing ADA and/or had reimbursement totaling less than $5,000. No clear factor correlated with initiation districts' decisions to terminate.

14. Based on the funds allocated and the amended reimbursement formulation, the incentive program could have supported increases of 7,275 ADA and 6,875 ADA in 1984-85 and 1985-86. The incentive program, however, generated 1,942 additional ADA and 1,981 additional ADA for the respective years. Consequently, the incentives provided districts by SB 813 were only 16 percent and 18 percent effective in expanding opportunity education.

15. The incentive program's probable impact on program growth rate is 19 percent (observed to expected) and three percent (observed to expected) when adjustments are made for (1) the declining trend in enrollment of under age 16 youth in continuation schools that likely affected opportunity ADA and (2) the probable non-incentive related increases in opportunity class ADA.

16. It is probable that several factors constrained the expected impact of the incentive program. Among these are (1) retroactive funding rather than forward or current funding; (2) tying of reimbursement to generation of ADA in excess of a base year; (3) change of the reimbursement unit from enrollee to ADA; and (4) the low reimbursement rate of $400 and $416 for the two years examined.

Recommendations

The Department of Education finds a continuing need for expanding opportunity education as an important adjunct of the regular school program since its goal is the rehabilitation, return and retention of high risk students in the regular school setting.

The Department recommends that the incentive program initiated by SB 813 be maintained for fiscal year 1988-89 at the authorized current funding level of $4.1 million plus appropriate COLA increases. The program administrative recommendations that follow correct deficiencies identified in this report. They also incorporate the features of competitive grant programs that State evaluations indicate are cost effective for high risk youth. These are:

1. Require that State incentive applicant districts prepare and submit for approval a multi-funded opportunity instruction and support plan. School-based coordination plans will describe how categorical programs and special funding (e.g., 10th grade counseling) are linked for high risk students, and include the role assigned to opportunity, continuation education, and other alternative educational service programs.

2. Expand the target population to include all high risk students with attendance and/or specified behavioral problems in grades 7-12. Increase pre-employment and work experience services as student incentives for staying in regular full day schools instead of transferring to continuation schools.

3. Provide competitive incentive funding for operational year expenditures to those districts that submit program budgets containing significant local matching funds (e.g., 50 percent of the total excess cost) and require that continuing funding depend on each district's program success as reported for individual students (i.e., services provided and rehabilitations achieved).

4. Designate three percent of the SB 813 funds for Department operational costs of proactive State leadership and meaningful local involvement in selecting district applicants, reviewing program implementation, training and program dissemination activities, and producing comprehensive program evaluations.

Excerpts

CALIFORNIA EDUCATION CODE, CHAPTER 4, ARTICLE 2.3

Reimbursement for Increasing Availability of
Opportunity Classes and Programs

SECTION 48643. Legislative intent

It is the intent of the Legislature in enacting this article to increase the availability of opportunity classes and programs operated pursuant to Article 2 (commencing with Section 48530) of this chapter for pupils enrolled in grades 7 to 9, inclusive.

SECTION 48643.5. Eligibility

Upon application to the Superintendent of Public Instruction, the governing board of any school district which maintains opportunity classes or programs for pupils enrolled in grades 7 to 9, inclusive, shall be eligible to receive reimbursement pursuant to Section 48644 for those costs of increasing the availability of such classes or programs which are in excess of reimbursement provided in the regular apportionment to the school district.

SECTION 48644. Allocations for additional pupils; requirements

(a) Beginning with the 1984-85 fiscal year, and each fiscal year thereafter, the Superintendent of Public Instruction shall, on a priority basis, allocate to each school district which is eligible under Section 48643.5 and which meets the requirement of subdivision (b) an amount not to exceed four hundred dollars ($400) per pupil for each additional pupil enrolled in the opportunity classes or programs maintained by the district for grades 7 to 9, inclusive, over the number of pupils so enrolled in the 1982-83 fiscal year.

(b) In order to receive reimbursement pursuant to subdivision (a), a school district shall do all of the following:

(1) Demonstrate that the increased opportunity programs or classes will be operated in compliance with the law and for the purpose of returning pupils to the regular educational program of the districts.
(2) Demonstrate the need for funds allocated pursuant to subdivision (a) and the purposes for which the funds will be used.
(3) Demonstrate that the instructional and counseling services provided by the increased opportunity programs or classes will result in costs in excess of reimbursement provided in the regular apportionment to the school district.

EVALUATION OF INCENTIVES PROVIDED TO INCREASE THE AVAILABILITY OF OPPORTUNITY CLASSES AND PROGRAMS IN GRADES 7 THROUGH 9, INCLUSIVE

Senate Bill 813, Sections 48643 through 48644.5

This report was prepared in compliance with Chapter 4, Article 2.3 of the California Education Code. Section 48644.3 directs the State Department of Education to evaluate the increase in availability of opportunity classes and programs in grades 7 through 9.

The report has four sections. Section I, Introduction, chronicles events prior to implementing the opportunity expansion incentive program specified in Article 2.3. These events significantly altered the amount of funds reimbursed to participating school districts.

Section II, Implementation Years, 1984-85 and 1985-86, summarizes outcomes of the incentive program. These outcomes include district participation, average daily attendance (ADA), additional ADA over the base year, excess costs, and incentive dollars reimbursed to districts.

Section III, Effectiveness Indicators, examines the extent to which the objectives of Article 2.3 were met. Expected State increases in ADA (calculated) are compared to increases accounted for by districts participating in the incentive program. Trend data indicate the differences in rate of ADA increase observed versus that projected from pre-intervention years.

Section IV, Conclusions and Recommendations, summarizes the report findings by identifying factors constraining the incentive program's effectiveness, and concludes with recommendations.

Section I
Introduction

Senate Bill 813 introduced Article 2.3 into the Education Code in 1983. It provides that: Commencing in 1984-85, school districts which increase the availability of opportunity education in grades 7 through 9 shall receive up to $400 for each additional pupil enrolled. The Legislature appropriated $4.1 million for this incentive program to defray some portion of the excess costs beyond apportionment reimbursements to school districts. The article was operative July 1, 1984.

As originally enacted, eligible school districts would receive a maximum of $400 for each additional grade 7 through 9 pupil enrolled in opportunity classes or programs. This reimbursement formula would have expanded services to approximately 10,000 pupils.

A Legislative Analyst's Report, prepared for consideration of the 1984-85 Budget Act, identified two "potential problems."

> *Problem One:* The statutory language provides no criteria by which to identify pupils in danger of becoming habitually truant, irregular in attendance, or insubordinate or disorderly. This lack of specificity, it was argued, creates a potential for abuse of the fiscal incentive.
>
> *Problem Two:* The statutory language provides reimbursement for expansion based on the number of pupils enrolled. This manner of reimbursement fails, in the opinion of the Legislative Analyst, to relate the maximum reimbursement to the amount of additional workload imposed by the expansion of opportunity education. The substantial turnover of individual pupils in opportunity classes causes the number of pupils enrolled "at one time or another throughout the year to inaccurately describe the additional workload these pupils impose on the district" (p. 1512). Average daily attendance (ADA), rather than enrollment counts, it was argued, more accurately reflects workload.

Based on the Legislative Analyst's recommendations, AB 2313 (Budget Act of 1984-85) adopted the following language:

> Notwithstanding Section 48644 of the Education Code, funds allocated to school districts for the expansion of opportunity classes and programs shall not exceed $400 per unit of average daily attendance (ADA), based on the additional enrollment in these classes and programs above the 1982-83 enrollment levels, expressed in terms of ADA (p. 316).

In response to Budget Act language change and the Legislative Analyst's recommendations, the State Department of Education developed and disseminated information in a program advisory, dated February 4, 1985, to all districts in the State. See Attachment 2, Appendix, for excerpts from the advisory. The advisory established:

(1) Procedures for districts to claim reimbursement under Article 2.3;

(2) Definition of the term in danger of becoming as it applies to irregular attendance, truant or habitually truant behaviors, and insubordinate or disorderly behaviors;

(3) Procedures for assigning pupils to an opportunity education environment; and

(4) Conditions for reimbursement.

The advisory called attention to change in the original language of SB 813 with respect to the unit of reimbursement from enrollment to unit of ADA, indicated the Department's concern over the language change and the probable impact for school districts, and referenced its efforts to work with the Department of Finance and the Legislature on the problem.

The State Department of Education received 60 applications requesting only $570,000 of the $4.1 million available for excess costs by March 19, 1985. In an internal memorandum, Department of Education staff reported receiving phone calls from districts expressing concern about the mechanism used for reimbursement purposes. They concluded that the "lack of involvement" by school districts was because the change to ADA had effectively removed incentive for participation.

In summary, the Budget Act of 1984-85 substantively changed Article 2.3 before its implementation. The incentive to school districts to increase the availability of opportunity classes and programs (grades 7 through 9) was diminished by changing the unit of reimbursement from enrollment to ADA.

Section II
Implementation Years 1984-85 and 1985-86

Sources for the findings presented in this section of the report are: reimbursement claim forms; school district applications; local school district reports; and J-18 and J-19 ADA forms. Findings are limited to 1984-85 and 1985-86 because reimbursement claims for 1986-87 will not be submitted until August.

For analysis purposes, the following definitions and classifications are used:

Category	Definition or Classification
District Type	Elementary (K-8), High School, Unified (K-12)
Participation Year	1984-85 only: dropout districts 1984-85 and 1985-86: continuing districts 1985-86 only: new districts
Classification	Expansion: districts reporting base year opportunity class and/or program ADA Initiation: districts reporting no base year ADA for opportunity education
Incentive	Districts participating in the program to increase the availability of opportunity classes and programs

Incentive Districts

One hundred five (105) school districts participated in the first and/or second year of the incentive program. Seventy-six (76) districts entered the program in 1984-85; 32 of these districts did not continue in 1985-86; and 29 new districts participated in 1985-86. Table 1 summarizes characteristics of the districts in terms of type, classification, and participation year.

Proportionally, the number of elementary, high school, and unified school districts varied only slightly from year one to year two. Approximately three-fifths of the districts were unified, one-fifth to one-quarter were elementary (K-8)

districts, and the remaining proportion were high school districts.

Table 1
Characteristics of Districts Participating in the Opportunity Expansion Incentive Program

	1984-85 Number	1984-85 Percent	1985-86 Number	1985-86 Percent
District Total	76	100%	73	100%
District Type				
Elementary (K-8)	16	21%	18	25%
High School	12	16%	11	15%
Unified (K-12)	48	63%	44	60%
Classification				
Expansion	26	34%	18	25%
Initiation*	50	66%	55	75%
Participation Year				
First Year Only	32	42%		
Second Year Only			29	40%
First & Second	44	58%	44	60%

* Initiation districts reported neither opportunity class nor program ADA in 1982-83.

The major portion (66 percent and 75 percent) of districts both years were initiating opportunity education. That is, these districts reported neither opportunity class nor opportunity program ADA for 1982-83 on the reimbursement claims forms for the expansion program. Only 1/4 to 1/3 of the districts were expanding existing opportunity education beyond base year levels.

Districts which terminated participation after Year One had the following characteristics: large urban unified school districts expanding existing classes and/or programs; or expansion districts able to generate only incremental or additional ADA in 1984-85; or initiation districts offering opportunity classes only and unable to generate 20 ADA.

The districts which entered the incentive program in the second year tended to reflect the characteristics of the 44 continuing

districts. That is, the vast majority (75 percent) were initiation districts, and none ranked among the largest twenty districts in the State.

ADA Analysis

In order for districts to receive excess cost reimbursement, average daily attendance (ADA) data were collected as follows: 1982-83 opportunity class ADA; 1982-83 opportunity program ADA; current year opportunity class ADA; current year opportunity program ADA; and additional ADA generated over the base year--1982-83.

Opportunity ADA was computed as follows. One opportunity class ADA was the equivalent of a student being scheduled for and attending opportunity class for a minimum of 180 minutes per day for all scheduled teaching days. By contrast, one opportunity program ADA constituted 405 clock hours of attendance in the opportunity program environment. See Attachment 2, Appendix, for further details concerning these environments.

Enrollment Per ADA

Spring enrollment and ADA estimates for the year were reported as shown in Table 2 by 25 of the first-year applicant districts. Comparison with the population indicates that the applicant sample is representative of participating districts. The table indicates ranges of yearly enrollment to ADA generated. Only the lower ends of the ranges are shown because cumulative enrollment for the year was not reported. The data indicate a minimum of two enrollees generate one ADA. But because an additional number (unknown) were enrolled in the fall, it is more likely that three or four enrollees generate one ADA unit.

Table 2

Enrollment to ADA Ratios
(from 1984-85 applicant sample)

	Type of District			
	Unified	Elementary	High School	Total
Populations				
Number	48	16	12	76
Percent	63%	21%	16%	100%
Sample	16	7	2	25
Number	64%	28%	8%	100%
Spring Enrollment	1,734	139	164	2,064
Yearly ADA (estimated)	848	129	50	1,027
Range of Yearly Enrollment to ADA*	2.04 to ?	1.08 to ?	3.27 to ?	2.01 to ?

* Ratios shown are for spring enrollments. Because cumulative yearly enrollment is higher, the ratios would increase to a higher figure.

Total ADA. A total of 5,333 ADA was generated by the participating districts in the first two years of the incentive program. Table 2 summarizes the data reported by districts in terms of the base year ADA and additional ADA generated.

Table 3
ADA Generated by Opportunity Expansion Incentive Districts

	1984-85		1985-86	
	Number	Percent	Number	Percent
Total ADA	2,950		2,383	
Reference				
Base Year (1982-83)	1,008	34%	402	17%
Additional Over Base Year	1,942	66%	1,981	83%

Total ADA generated in the opportunity environments declined 20 percent from 1984-85 to 1985-86. However, the amount of additional ADA generated remained relatively constant. In other words, a significantly larger percent of the second year

districts were initiating opportunity rather than expanding existing classes or programs. Additional ADA, of course, is critical since it is the dominant factor in determining reimbursement a district receives. The low percent of Base Year versus Additional ADA in both years clearly indicates that the incentive program was more attractive to districts initiating rather than expanding opportunity.

Figure 1 illustrates ADA trends over three data points: 1982-83, the base year from which additional ADA is computed; 1984-85, the first implementation year; and 1985-86, the second implementation year. Expansion and initiation districts' data, analyzed separately, illustrate the differential impact the incentive program had on district decisions to continue and the rates of ADA increase.

Districts continuing participation (First and Second Year) contributed different proportions of First Year ADA, depending on whether they were expanding and initiating. Continuing expansion districts accounted, quantitatively, for a small amount of the First Year expansion ADA, but had a rate of increase only slightly less than for the entire First Year expansion districts.

Continuing initiation districts contributed well over half of the increase in ADA and also had a rate of increase only slightly less than for the entire First Year Initiation districts.

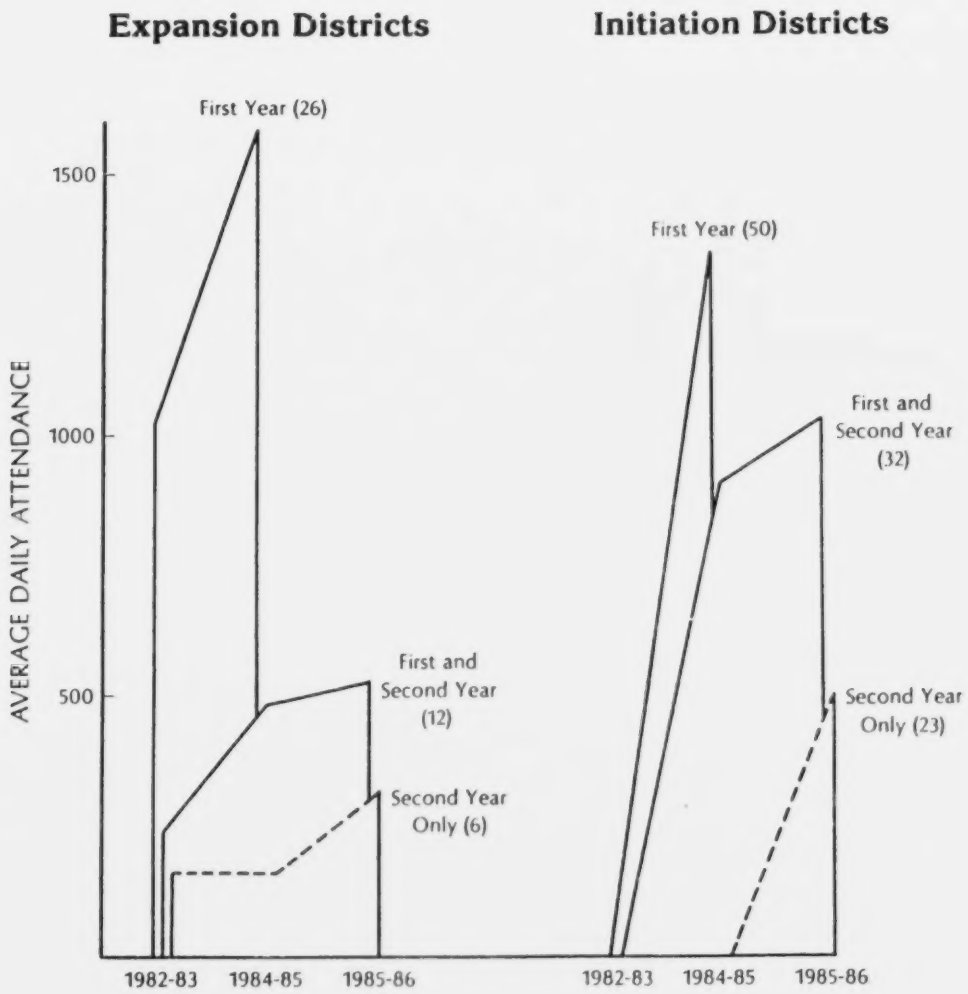
Very distinct patterns emerge when rates of change in ADA generated are examined visually for subsets of districts. Rates of change are indicated by the slopes of the line segments joining data points in Figure 1. The larger the slope, the greater the rate of change in ADA. Marginal increases are illustrated by near-zero slopes (i.e., nearly horizontal line segments).

No 1984-85 class ADA data are available for Second Year Only districts. Hence, dashed lines estimate the rates of increase and rates of increase from the base year to 1984-85, and from 1984-85 to 1985-86.

First Year initiation districts had the greatest rate of increase in ADA. This is directly the result of the reimbursement formulation. That is, all ADA generated by initiation districts constituted additional ADA over the base year. Second Year Only initiation districts had a somewhat lower rate of increase, however, and this rate of change was only slightly higher than that of the First Year expansion subset. Interestingly enough, the continuing initiation districts (First and Second Year) exhibited rates of increase only slightly better than that of continuing expansion districts. This suggests that, once opportunity education is established in a districts, subsequent

Figure 1

OPPORTUNITY ATTENDANCE (ADA) BY DISTRICT CLASSIFICATION AND YEAR



rates of increase are affected only moderately by the reimbursement incentive.

This observation is confirmed by noting that the rate of change between 1984-85 and 1985-86 for continuing districts (First and Second Year) decreased significantly for both the expansion and initiation districts. Neither subset of districts was able to sustain the first year gains reported, suggesting that the impact of the incentive program was greatest during the first year of expansion and was not sustainable at the levels of reimbursement provided.

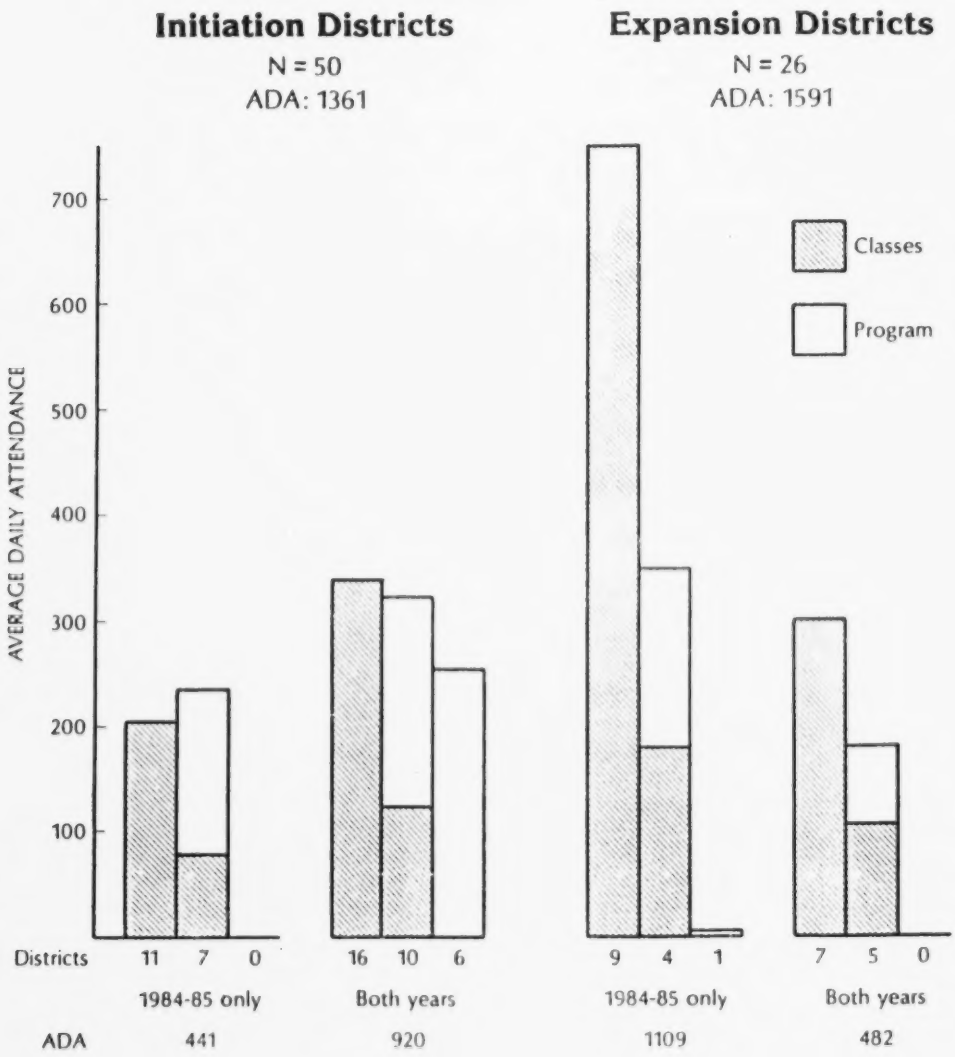
Opportunity Class Versus Program. Districts report opportunity class and program ADA data separately. In 1984-85, opportunity classes generated 71 percent of the total ADA, while in 1985-86, classes generated 67 percent of the total. Figure 2 illustrates the relative amounts of class and program ADA generated by (1) opportunity classes only, (2) both opportunity classes and programs, and (3) opportunity programs only by initiation and expansion districts in 1984-85.

Highlights of the data follow:

- Initiation districts outnumbered expansion districts by a 2:1 ratio, but generated 14 percent less in total ADA.
- Class only environments predominated among both the initiation and expansion districts.
- Districts with class only environments generated 72 percent of the class ADA and 51 percent of the total ADA.
- Approximately 1/3 of the districts (both initiation and expansion) offered both class and program environments.
- Only 9 percent of the districts offered programs only, and 86 percent of these were initiation districts.
- On a per district basis, the combination of class and program environments generated the highest ADA.
- The districts most likely to terminate participation after the first year were expansion districts that operated classes only.
- The initiation districts which continued participation generated about equal amounts of class and program ADA.
- Terminating initiation districts generated 3 class ADA for every 2 ADA in programs.

Figure 2

1984-85 ATTENDANCE (ADA) BY OPPORTUNITY ENVIRONMENT AND DISTRICT CLASSIFICATION



- The expansion districts which continued generated 4 class ADA for every 1 program ADA.

Thirty-two districts terminated participation after 1984-85, of which 56 percent were initiation districts and 44 percent were expansion districts. The following year, 29 new districts entered, 79 percent of which were initiating opportunity education. Figure 3 illustrates the class only, class plus program, and program only ADA for 1985-86.

Highlights of these data follow.

- Initiation districts now constituted 75 percent of the participating districts, but generated 64 percent of the total ADA.

- Class only environments still predominated, but the number of districts offering programs only nearly doubled.

- Class only districts generated 63 percent of the class ADA and 42 percent of the total ADA, both figures down about 9 percent from the previous year.

- Again, approximately 1/3 of the districts offered both class and program environments.

- On a per district basis, the combination of class and program environments again generated the highest ADA.

- The new district most likely to enter was an initiation district offering class only environments.

- Among the continuing districts, program ADA generated by the initiation districts increased 16 percent and class ADA increased 10 percent. For the expansion districts, class ADA increased 41 percent and program ADA decreased 73 percent.

Opportunity Class Statewide. The Local Assistance Bureau, which collects ADA information from school districts, gathers annually the ADA generated by opportunity classes. Opportunity class ADA provides a basis for comparing incentive program participation relative to other opportunity districts statewide.

Opportunity ADA and additional ADA are examined in Table 4. Class ADA and additional class ADA are summarized in terms of that generated by incentive and non-incentive districts.

Figure 3

1985-86 ATTENDANCE (ADA) BY OPPORTUNITY ENVIRONMENT AND DISTRICT CLASSIFICATION

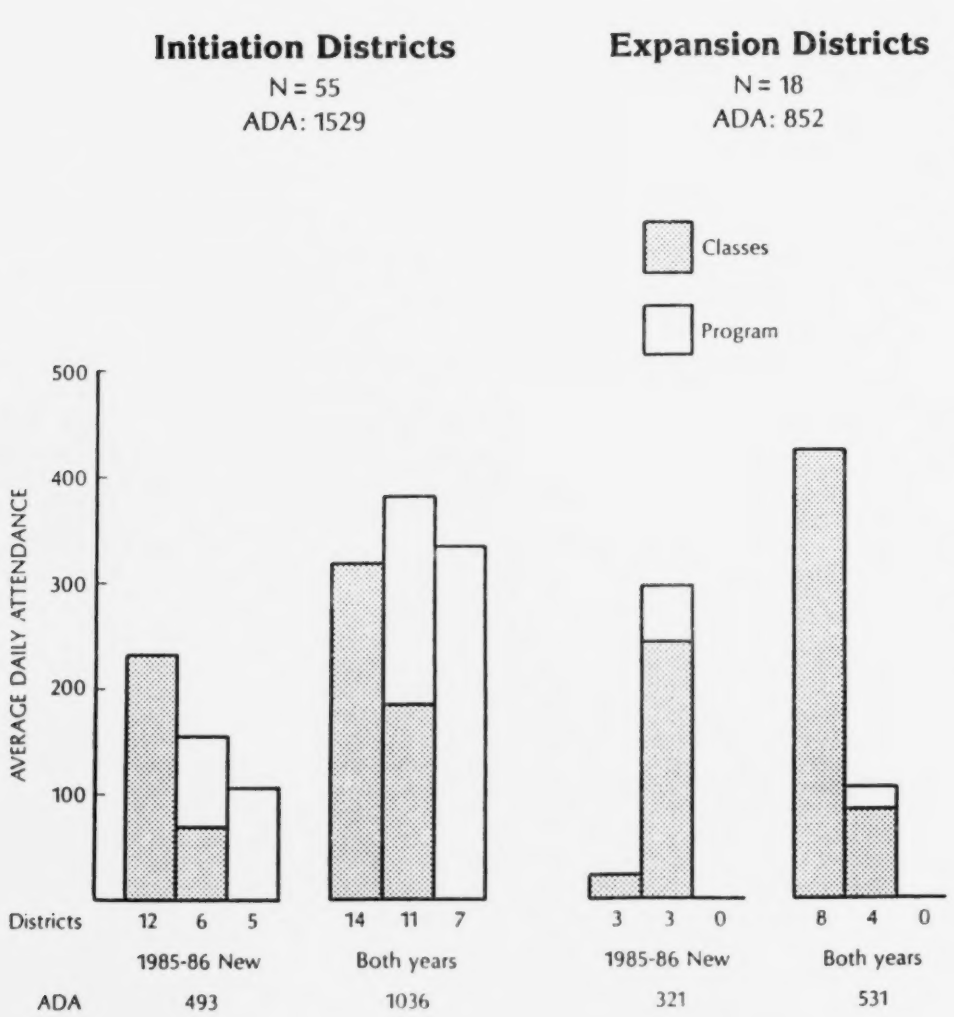


Table 4
Opportunity Class ADA and Additional ADA Trends
for Incentive and Non-Incentive School Districts

	Districts		Class ADA		Increase Over Base Year	
	No.	Percent	ADA	Percent	ADA	Percent
1984-85						
Incentive	69	64%	2,083	38%	1,200	79%
Non-incentive	39	36%	3,458	62%	325	21%
Total	108		5,551		1,525	
1985-86						
Incentive	61	50%	1,589	26%	1,214	56%
Non-incentive	61	50%	4,593	74%	942	44%
Total	122		6,182		2,156	

The 108 opportunity districts identified in 1984-85 generated a total of 5,551 class ADA, an increase of 1,525 or 38 percent over the base year. The incentive districts, which outnumbered non-incentive districts 2:1, generated 2 class ADA for every 3 ADA generated by the non-incentive districts. That is, despite their greater number, the incentive districts generated less ADA than did the non-incentive districts. On the other hand, incentive districts generated 79 percent of the additional 1,525 ADA reported, largely because 64 percent were initiation districts for which all generated ADA was "additional."

In 1985-86, there were equal numbers of incentive and non-incentive districts. Incentive districts generated just 1 ADA for every 3 ADA generated by the non-incentive districts, and about 3 additional ADA for every 2 additional ADA generated by the non-incentive districts. Since in 1985-86 there were only 18 "new" initiation districts, this decline in the ratio of additional ADA generated by incentive districts confirms the earlier observation that continuing districts were not able to sustain first year expansion levels.

Cost Analysis

Districts report costs incurred in providing additional instruction and counseling services on the reimbursement claims form. Attachment 4, Appendix, is a facsimile of that form on which base year ADA, current year ADA, additional ADA, total cost, apportionment for class ADA, excess cost, and reimbursement amount are calculated. Total costs are reported for combined class and program ADA. Then, excess costs are calculated by

subtracting the apportionment dollars generated by the class ADA from the total costs for both classes and programs. Incentive dollars (i.e., reimbursement) are awarded on the basis of additional ADA accrued beyond the base year, 1982-83. Each additional ADA generated could accrue a maximum of $400 in 1984-85, and $416 in 1985-86. However, the incentive awarded per ADA was the lesser of the excess cost per ADA or the maximum award per ADA.

Cost per ADA assesses the impact of opportunity expansion on a district more realistically than gross cost figures. Table 5 summarizes cost per ADA data by environment, district classification, and participation year.

Table 5
Cost Per ADA by Environment, District Classification and Participation Year

	1984-85		1985-86	
	Number	Cost/ADA	Number	Cost/ADA
Expansion				
Class Only	16	$3,799	11	$3,491
Class & Program	9	2,707	7	3,208
Initiation				
Class Only	27	3,757	26	4,284
Class & Program	17	2,045	17	2,898
Total				
Class Only	43	3,785	37	3,930
Class & Program	26	2,791	24	3,031

Across district classification and participation year, class only environments tended to accrue $1,000 per ADA higher cost than did combinations of class and program environments. However, initiation districts had a substantially higher cost differential. Initiation districts offering class only environments reported costs of $1,712 and $1,386, respectively, for Year One and Year Two, higher than did initiation districts offering both class and program environments.

The substantially higher class cost/ADA is significant since, as has been discussed in the previous portion of this Section, approximately 70 percent of the ADA reported was class ADA. Furthermore, class only and class plus program costs per ADA exceeded basic revenue limits for the participating districts by amounts averaging $1,500.

Excess cost was defined, for reimbursement purposes, as the difference between total costs and the State apportionment received by a district for the opportunity class ADA generated. Excess costs had the following characteristics: (1) excess costs declined 28 percent from $4.70 million in 1984-85 to $3.38 million in 1985-86, while incentive dollars increased 8 percent from $719,000 to $776,000; (2) Unreimbursed excess costs amounted to 85 percent in 1984-85 and 77 percent in 1985-86 of the total excess costs. However, excess costs per ADA more realistically assess the impact on districts than do aggregated excess cost figures.

Table 6 presents the First Year and Second Year excess cost per ADA information by district classification and participation year. Continuing, terminating and new districts are identified.

Table 6
Excess Cost Per ADA by District Classification and Participation Year

	Expansion Districts		Initiation Districts	
	Excess Cost Per ADA	Percent	Excess Cost Per ADA	Percent
1984-85 Only				
Excess Cost	$2,269		$1,283	
Unreimbursed	2,145	94%	884	69%
Incentive	124	6%	399	31%
1984-85 Continuing				
Excess Cost	$ 844		$1,295	
Unreimbursed	726	82%	936	72%
Incentive	157	18%	359	28%
1985-86 New				
Excess Cost	$ 916		$1,684	
Unreimbursed	713	78%	1,182	76%
Incentive	203	22%	402	24%
1985-86 Continuing				
Excess Cost	$1,066		$1,628	
Unreimbursed	876	82%	1,230	76%
Incentive	190	18%	398	24%

Excess cost per ADA varied considerably by district classification and participation year. It appears that, for expansion districts, rate of reimbursement-or more specifically-

proportion of unreimbursed costs affected decisions to continue or drop from the expansion program. The 14 expansion districts terminating participation after the first year had the highest percent of unreimbursed costs (94 percent). The typical dropout expansion district received only $124 for each ADA generated. By contrast the typical continuing expansion district received $158 and $190 per ADA for 1984-85 and 1985-86, respectively. This amounted to approximately 18 percent of their excess cost per ADA. The 6 new expansion districts fared somewhat better, garnering about $203 per ADA or about 22 percent of their excess costs.

As a group, initiation districts fared best since all ADA generated was attributable to additional ADA. Typically, they received nearly the maximum reimbursement rate. Even at that, they recouped only 24 to 31 percent of their excess costs.

While low excess cost recouping percentages appears to have been a critical decision factor for expansion districts, it appears not to have been pivotal for the initiation districts. In fact as Table 6 illustrates, the 18 terminating initiation districts recouped 31 percent of their excess costs while their 32 cohorts continuing recouped 28 percent. In other words, the dropout districts had a higher reimbursement rate per ADA than did the continuing districts. Evidently, other factors influenced administrative decisions to continue or drop for the initiation districts.

Section III
Effectiveness Indicators

This section of the report focuses on the question of how successful was the incentive program in increasing the availability of opportunity education. Opportunity class ADA is the measurement unit used to answer the question: statewide comparative data exist for opportunity classes but not for opportunity program ADA. Two indicators of success were chosen: the ADA expected because of the incentive program legislation; and the difference in rate of ADA increase observed versus that projected from pre-intervention years.

Expected ADA

The incentive program's explicit objective is to increase opportunity ADA to levels above those of the base year of 1982-83. An operational objective facilitates assessment of the program's effectiveness. An expected class ADA, therefore, is estimated for the State, assuming full use of legislative appropriations, and findings previously noted regarding reimbursement per ADA and class to total ADA findings previously noted. Effectiveness then is assessed by determining what portion of the expected State increase in class ADA occurred because of participating incentive districts. The findings appear in Table 7 for the first years of implementation.

Table 7
Opportunity Class ADA Increases over Base Year
Incentive Districts Versus Statewide Expectations

	1984-85		1984-85	
	Total	Increase Over Base Year	Total	Increase Over Base Year
Expected Statewide*	11,301	7,275	10,901	6,875
Incentive Districts	2,083	1,200	1,589	1,214
% increase		16%		18%

* Reflects legislative appropriations, reimbursement formulations, proportions of incentive district opportunity class ADA, but not pre-intervention growth rates.

For 1984-85, a total of 11,301 class ADA was expected from the calculations shown in Attachment 5, Appendix. If realized, it would have constituted a 7,275 ADA increase and indicated 100 percent accomplishment of the incentive program's implied objective. As the table shows, the incentive district 1,200 ADA increase indicates a 16 percent accomplishment of the expansion objective.

For 1985-86, the expected class ADA decreased due to higher proportions of program ADA as previously noted. Therefore, even though the increase in ADA over the base year was similar to the first year, the incentive districts accounted for 18 percent of that expected statewide. On the other hand, the total ADA increase, independent of the base year increase, dropped significantly from 2,083 to 1,589. This reduced participation slowed the statewide annual rate of increase as described in the next section.

ADA Growth Rates

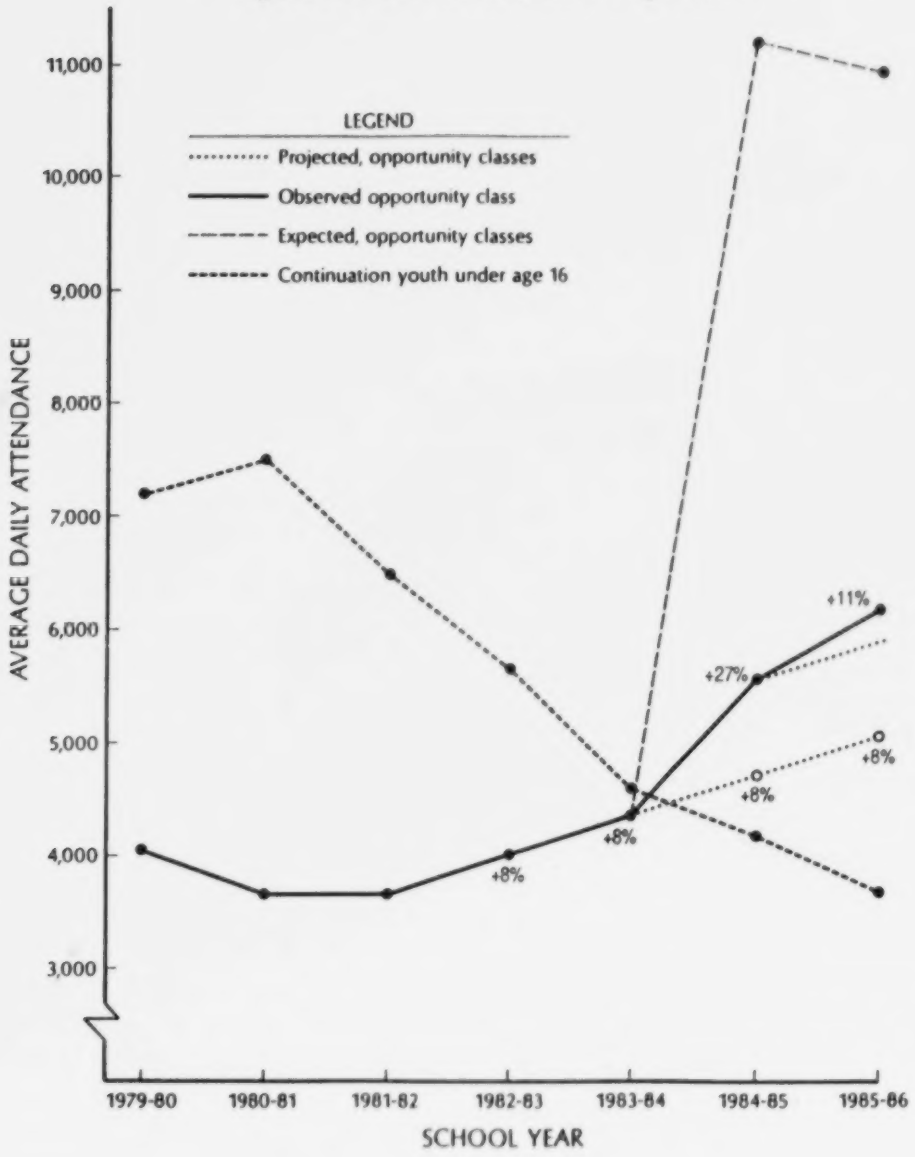
Opportunity class ADA experienced statewide annual increases of 27 and 11 percent during the first two years of the incentive program implementation. Pre-intervention growth rates, due to other forces, reduced the portion of these increases that are attributable to incentive program effectiveness. Confounding the analysis is the contribution of a change in continuation education. Opportunity education, as established in Article 2 of the Education Code, is a rehabilitation program for pupils in grades 1 through 12. Attachment I, Appendix, contains excerpts from the statute.

Continuation education, on the other hand, targets 16 and 17 year olds who have not graduated from high school, are not exempt from compulsory school attendance, and are in danger of not completing high school if they remain in the regular school environment. The Education Code §10607.5 (1959) permitted school districts to transfer under age 16 students with disciplinary problems to a continuation school. The caveat imposed was that the districts had not established opportunity schools or classes. This section was repealed in 1972. Subsequently, changes occurred in both the under age 16 ADA in continuation education and ADA reported for opportunity classes.

Figure 4 illustrates the inverse relationship in ADA trends for opportunity education and the under age 16 population in continuation education. The solid line traces the upward trend in opportunity class ADA from 1981-82 through 1985-86. The broken bar line traces the precipitous downward trend of under age 16 ADA in continuation school. Clearly, an inverse relationship was established. This suggests that some, if not a major portion, of the increase in opportunity ADA resulted from the strictures placed on under age 16 continuation enrollment.

Figure 4

OPPORTUNITY CLASS ATTENDANCE (ADA) TRENDS
Projected, Observed, and Expected



The projected opportunity ADA is indicated in the figure by the dotted line breaking off from the solid line indicating observed opportunity ADA. The expected opportunity ADA previously noted is indicated with the dashed line. Comparison of these lines indicates the degree to which observed opportunity growth rates (27 and 11 percent) (1) exceed projected rates in 1984-85 and 1985-86, and (2) did not achieve the expected levels for these years.

Adjusting ADA increases attributed to the incentive program for the probable influence of the decreasing under age 16 enrollment in continuation education decreases first year and second effects. That is, rather than the 27 percent and 11 percent increases noted in the figure, the incentive program effects must be adjusted down to 19 percent and 3 percent. In other words, the incentive program increased opportunity class ADA by 19 percent in 1984-85 over the base year projections and by 3 percent in 1985-86 over the projections.

Section IV
Conclusions and Recommendations

The incentive program had low impact on the expansion of opportunity education in California. Less than 11 percent of districts with grades 7 through 9 implement opportunity classes or programs. Although reported class and program ADA increased over the base year, the increases in ADA fall well below implicit expectations. The following conclusions identify factors limiting the effectiveness of the incentive program.

Factors Limiting Effectiveness

The incentive program, as authorized and implemented, contained conditions for school district participation. Four conditions appear to have limited expansion effectiveness. Taken singly, each constrained district participation. Taken in combination, they explain lack of response to the incentive program.

1. Retroactive Funding

Districts receive partial reimbursement of excess costs for increasing the availability of opportunity education in the fiscal year following implementation and expenditures. This practice requires districts to assume operating costs from existing budgets in anticipation of an unpredictable reimbursement.

2. Base Year Reference

Reimbursement is tied to incremental increase in opportunity ADA over the base year, 1982-83. This provided a special inducement for districts to initiate opportunity since all ADA accrued was considered additional ADA. Expansion districts, on the other hand, are partially reimbursed for only the additional ADA over the base year.

Tying partial reimbursement to a base year biases the incentive program toward (a) initiation districts which had no prior experience in opportunity education and (b) a small number of expansion districts with low ADA and unusually low costs per ADA. This conclusion is supported by the fact that most of the second-year increase in ADA was generated by initiation districts and the expansion districts which continued or entered in the second year had low ADA and low costs per ADA.

3. Reimbursement Unit

Rather than providing partial reimbursement of excess costs based on increased enrollment, the statutory language was modified to base reimbursement on ADA. This necessitated imposing administrative record keeping in addition to regular district attendance accounting. This, when combined with the application and special claims form reporting, caused districts to incur administrative costs beyond that directly associated with opportunity education.

Additionally, administrative procedures for identification and assignment of students to opportunity environments increase with student turnover. The longer a student is served in a given environment, the lower the administrative overhead. More particularly, one student assigned to an opportunity class for one year will generate one ADA unit; on the other hand, several students terminated after short-term service are needed to generate one ADA unit. Reimbursement on an ADA basis, in effect, penalizes successful programs and encourages districts to minimize turnover costs by retaining students in the class environments for a full year.

4. Reimbursement Rate

Participating districts are reimbursed at a maximum of $400 per ADA instead of $400 per student as originally authorized by the Legislature. This decision--to retain the same dollar rate, but change the reimbursement unit--is the major factor that limited the incentive program's effectiveness. Data from the report confirm that districts typically serve a minimum of two students, and probably three or four students, to generate one ADA unit. Consequently, excess cost reimbursement to districts--the incentive for expanding opportunity--was only one-half to one-third the amount that would have been disbursed had ADA not been substituted for enrollment.

Lowering the reimbursements increased the significance of administrative costs associated with the incentive program and adversely affected district participation decisions. Districts that terminated after the first year averaged $5,000 reimbursement. Non-participating districts would have been eligible, had they applied, for $521,872 because of the increased class ADA generated. Their reimbursements would have averaged $3,333 and $6,424, respectively, for the two years.

Our recommendations are grounded in the following observations.

1. Local expectations for opportunity education may differ considerably from State expectations. While opportunity is a rehabilitative program, it also provides schools a way of dealing with the custodial responsibilities of the school and, at the same time, enhances the educative opportunities of students remaining in the regular schools and classes.

2. Current legislation provides no clear, unambiguous objective for the expansion program other than increasing availability. To be sure, opportunity education per se is intended to assist students regain regular school or class status. However, reimbursement focuses solely on ADA.

3. The formula for opportunity program ADA is derived from ADA formulation for adult schools. Two students attending opportunity one hour a day every day will not produce one ADA. Since opportunity focuses on students likely to have poor attendance records, it may well be that significant improvement in school attendance by students will have minimal affect on increased opportunity ADA.

4. Excess costs typically absorbed by a district range between 50 percent and 75 percent of the base revenue limit. Further, incentive districts by and large provided local matches averaging three fourths of the total program's excess costs.

5. To accomplish the rehabilitation of opportunity eligible students it is necessary to provide combinations of school and community services such as the following: (1) a highly structured school environment with activities designed to promote more positive attitudes and behavior, (2) intervention strategies that rely on counseling and specialized services for drug abuse, family crises, part-time employment, etc., and (3) individualized instructional support for remediating basic educational deficiencies.

6. Opportunity education targets a population which is subsumed by the rubric - high risk. State and Federal legislation provides categorical and special funding for a number of programs, each of which focuses on one or more aspects of assisting high risk students. For example, SB 813 provided monies for 10th grade counseling. To the extent that districts develop articulated plans of instructional and support services for these high risk students, it is likely that a synergistic effect results. That is, services are more effective when coordinated than operating separately.

Recommendations

The incentive program should be continued with substantial modification that includes the following:

1. Adopt a policy of incentive funding for district development and expansion of cost effective opportunity programs through comprehensive planning and budgeting strategies rather than simply providing funds for expanding the availability of programs.

2. Expand the target population to include grades 10 through 12, as well as grades seven through nine, thereby encouraging districts to retain students 16 years of age and older in regular schools from which it is more likely that they will return to regular classes than if they enroll in continuation schools.

3. Recognizing that excess administrative, counselor, and instructor costs are inherent to proper implementation of opportunity and other programs designed for high risk students, provide additional monetary incentive to districts which submit school based coordination plans that provide for integrated counseling, guidance, and instructional services.

4. Encourage improvement and expansion of pre-existing programs by providing funds on a basis that is equal to that for districts initiating programs after a base year (e.g. 1982-83). Also help districts budget for and acquire specialized staff needed for effective programs by providing incentive funds on a current year fiscal basis instead of reimbursing costs incurred for prior year programs.

5. Provide incentive funding on a competitive basis according to quality of district planning and additional staff budgeted instead of fixed rate formulation using enrollment or ADA. Funding should reflect local priorities and conditions by supplementing the additional resources that districts commit from regular and special funding sources; fiscal constraint could be achieved through limiting incentive dollars on a matching basis to some maximum percent of district contributions above their regular program.

6. Include reporting requirements for district and State evaluations based on individual students, the supplementary services received and rehabilitations achieved.

7. Operationalize the strategies recommended above by expanding the Department's administrative responsibilities for district opportunity programs; we estimate the cost as equivalent to 1.5 consultant positions.

APPENDIX

CALIFORNIA EDUCATION CODE, CHAPTER 4, ARTICLE 2.
Opportunity Schools
Excerpts

SECTION 48630. Legislative intent

In enacting this article, it is the intent of the Legislature to provide an opportunity for pupils who are, or are in danger of becoming, habitually truant from instruction upon which they are lawfully required to attend, or who are, or are in danger of becoming, irregular in attendance, or who are, or are in danger of becoming, insubordinate or disorderly during their attendance upon instruction to resolve their problems so that they may maintain themselves in regular classes or reestablish themselves for return to regular classes or regular schools as soon as practicable.

SECTION 48632. "Opportunity program"

"Opportunity program" as used herein refers to a program which is in accordance with the purposes and provisions of this article and is established in any elementary or secondary school of a school district for less that the minimum day required of opportunity school or class pupils.

SECTION 48636. Establishment of school or class for assigned pupils

The opportunity school, class, or program shall be established and maintained specially for the instruction of such pupils in grades 1 through 12, inclusive, as are assigned thereto by the city superintendent of schools, or, if there is no city superintendent, the board of education of any city or city and county, or the county superintendent of schools as provided by this code.

SECTION 48637. Assignment of pupils

The governing board of any school district, or the district superintendent of schools, or any person designated by the governing board in writing, may assign pupils to an opportunity school, class, or program in accordance with the provisions and purposes of this article.

ATTACHMENT II

PROGRAM ADVISORY
OPPORTUNITY CLASSES AND PROGRAMS
February 4, 1985

Opportunity Pupils - Individuals enrolled in grades 1 through 12, inclusive, identified by characteristics enumerated in Education Code Section 48630, who are assigned to experience the opportunity environment for adjustment purposes for all or part of the school day.

Opportunity Environment - The specialized curriculum, school climate, instruction and guidance services designed and provided by qualified school personnel in the opportunity school or class to carry out the adjustment purposes of opportunity education.

Opportunity Class Assignment - A daily schedule for an opportunity pupil not less than 180 minutes exclusively in the opportunity environment at an opportunity school or opportunity class. Attendance of such pupils is recorded and reported on the J-18 or J-19, P-1 and P-2 Reports as Opportunity ADA (Education Code Sections 46180 and 46340).

Opportunity Program Assignment- A daily schedule for an opportunity pupil of not less than one class period, but no more than 179 minutes in the opportunity environment, with the balance of at least the minimum day for the pupil's grade level in the regular school or class. Attendance of pupils on this commingled schedule is credited to, and reported as regular school or class ADA (Education Code Section 46180).

For identification and referral purposes, the term in danger of becoming has been defined by the Department as meaning those pupils whose behavior patterns indicate that their attendance at school is increasingly irregular as documented by attendance records; or exhibit truant or habitually truant behaviors as defined by Education Code, Sections 48260 or 48262, although the district has followed the procedures outlined in Section 48260.5; or are insubordinate or disorderly as documented by teacher observations and administrative records of disciplinary referrals.

Eligibility Application

Upon application to the Superintendent of Public Instruction, the governing board of any school district which maintains opportunity classes or programs for pupils enrolled in grades 7 to 9, inclusive, shall be eligible to receive reimbursement pursuant to Section 48644 for those costs of increasing the availability of such classes or programs which are in excess of reimbursements provided in the regular apportionment to the school district. Districts need not have had opportunity classes or programs prior to 1984-85 to be eligible under this section.

ATTACHMENT III

PROGRAM ADVISORY
OPPORTUNITY CLASSES AND PROGRAMS

April 9, 1986

This advisory specified the following regarding opportunity services.

Services for Adjustment Purposes--Excess cost for, but not limited to, the following services may be used for the reimbursement calculation: crisis counseling; specialized services for substance abuse, suicide prevention, services provided for parent and school staff education and in-service; referral and use of psychologists, psychiatrists (over and above district services); specialized instructional materials and equipment for adjustment purposes; credentialed and qualified instructional and counseling staff assigned to the opportunity environment; costs associated with increased counseling, guidance and instruction services, (other than those incurred in remediation services that are reimbursed by other funds); and expenses incurred for home conferences with parents/guardians.

This advisory inserted the following explanatory phrase in the section Opportunity Class Assignment, sentence 2:

> Because this schedule replaces (supplants) regular class or school attendance for the entire school day, attendance of such pupils is recorded and reported ...

This advisory appended the following to the Eligibility Application section:

> Districts need not have opportunity classes ... , but shall submit proof of the 1985-86 ADA and expenditures to be eligible for 1985-86 reimbursement. The availability funds may not be requested prior to implement for start-up costs.

ATTACHMENT IV

CALIFORNIA STATE DEPARTMENT OF EDUCATION
PART B-FISCAL INFORMATION
(Rev. 2/87)

(State Use Only)

_____ County _____ District

1986-87 FORM TO DETERMINE THE AMOUNT OF FUNDS TO BE RECEIVED
FOR INCREASING THE AVAILABILITY OF OPPORTUNITY CLASSES AND PROGRAMS (E.C. 48643)

		EDP NO.	WHOLE NUMBERS ONLY UNLESS DECIMAL POINT IS PROVIDED
A. 1982-83 ADA (P2) for Grades 7-9, inclusive, in Opportunity Classes.....(A)		110	
B. 1982-83 Hours (P2) for Grades 7-9, inclusive, in Opportunity Classes.....(B)		113	
C. 1982-83 Opportunity Program ADA [Line B divided by 405].....(C)		118	
D. Total 1982-83 Opportunity Classes and Program ADA [Line A plus Line C] (Round).....(D)		120	
E. 1986-87 Actual ADA (P2) for Grades 7-9, inclusive, in Opportunity Classes.....(E)		123	
F. 1986-87 Actual Hours (P2) for Grades 7-9, inclusive, in Opportunity Programs.....(F)		125	
G. 1986-87 Actual Opportunity Program ADA [Line F divided by 405].....(G)		126	
H. Total 1986-87 Actual Opportunity Classes and Program ADA [Line E plus Line G] (Round)....(H)		128	
I. Additional ADA Generated From 1982-83 [Line H minus Line D](I)		130	
J. Actual cost of Opportunity Classes and Programs related to the ADA in Line H.....(J)		135	
1. 1986-87 Base Revenue Limit [Form K12(A) Line F, EDP 024.....	$.	139	
1986-87 Base Revenue Limit times Line E (Round).....(J-1)		140	$
2. Total excess costs for Grades 7-9, inclusive, in Opportunity Classes and Programs [Line J minus Line J-1) (If less than -0-, enter -0-).....(J-2)		145	$

CALIFORNIA STATE DEPARTMENT OF EDUCATION
PART B - FISCAL INFORMATION
(Rev. 2/87)

	EDP NO.	WHOLE NUMBERS ONLY UNLESS DECIMAL POINT IS PROVIDED
3. Total excess costs per ADA (Line J-2 divided by Line H) (Round to two decimals.....(J-3)	150	$.
4. Maximum amount per ADA to be paid for excess costs..(J-4)	155	$ 425.00
K. Maximum amount of reimbursement to be received by district (Line 1 times the lesser of Line J-3 or Line J-4) (Round).....(G)	160	$

CERTIFICATION

I certify that the opportunity classes/programs identified above have been maintained in accordance with all the provisions of the Education Code. I have read the requirements for the establishment and maintenance of opportunity classes and programs, and have specifically noted the provisions outlined in E.C. Sections 48630-48641; 48643-48644(a) (b).

Signed_____ _____
Superintendent Date

Please return no later than August 21, 1987, to:

Robert Ehlers
Alternative Education Unit
State Department of Education
P.O. Box 944272
Sacramento, CA 94244-2720

ATTACHMENT V

Calculations for Expected ADA

First Year

Appropriation:	$4.126	Million
Reimbursement:	$ 400	per ADA
Class ADA:	2,082	
Total ADA:	2,952	
Base Year ADA:	4,026	
Expected ADA:		11,301

Second Year

Appropriation:	$4.291	Million
Reimbursement:	416	per ADA
Class ADA:	1,587	
Total ADA:	2,381	
Base Year ADA:	4,026	
Expected ADA:		10,901

Calculations:

(Appropriation/Reimbursement) x (Class ADA/Total ADA) + Base Year ADA